

ONE Minute Brief

6 February 2018

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Economic and Political News

The ANC has convened a special meeting of its National Executive Committee (NEC) on Wednesday. Meanwhile, a party spokesperson stated that there was no discussion about the removal of President Jacob Zuma at the ANC meeting on Monday.

The Public Investment Corporation (PIC) has agreed to provide Eskom with a loan of ZAR5 billion to help the utility cover expenses for the month of February.

An industry survey published by the Chamber of Mines has revealed that one third of South Africa's largest mining companies are not considering any new investments in the sector in 2018.

Mineral Resources Minister, Mosebenzi Zwane, stated that while his ministry is open to engaging with all stakeholders on the Mining Charter, it does not imply that it would agree on everything.

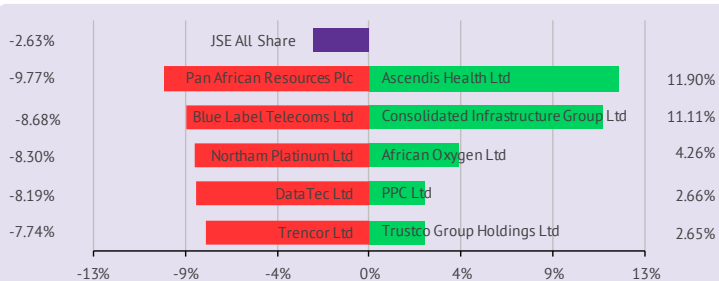
The Department of Energy has announced that petrol prices will be 30c a litre cheaper from tomorrow, while diesel prices will be will lower by 17c a litre.

Cape Town Mayor, Patricia de Lille, has threatened to take legal action against her own party for leaking the contents of an affidavit which alleged that she had tried to solicit a bribe.

South Africa Market ▼

South African markets closed lower

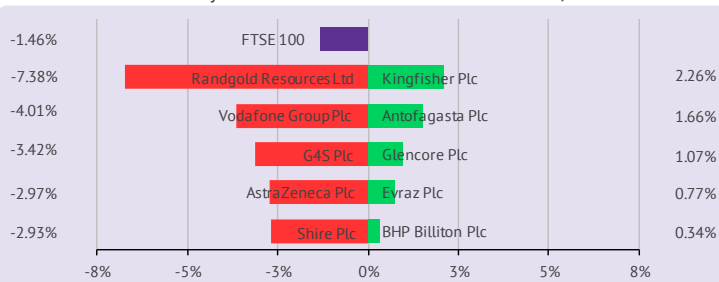
South African markets closed in the red yesterday, led by losses in platinum mining, banking and property sector stocks. The JSE All Share Index fell 2.6% to close at 57,113.74.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, as concerns over inflation and soaring bond yields sparked a global equity sell-off. Additionally, data revealed that UK's Markit services PMI fell more-than-expected to a 16-month low in January. The FTSE 100 Index fell 1.5% to 7,334.98.



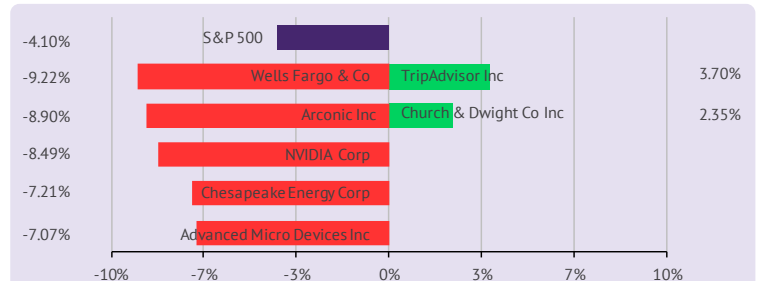
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57113.74	▼ -1543.08	-2.63%	-2.63%	-4.02%	0.00%	-4.02%
JSE Top 40	50496.30	▼ -1411.87	-2.72%	-2.72%	-4.03%	0.16%	-3.88%
FTSE 100	7334.98	▼ -108.45	-1.46%	-1.46%	-2.64%	-2.01%	-4.59%
DAX 30	12687.49	▼ -97.67	-0.76%	-0.76%	-3.81%	2.10%	-1.78%
CAC 40	5285.83	▼ -79.15	-1.48%	-1.48%	-3.58%	3.19%	-0.50%
S&P 500	2648.94	▼ -113.19	-4.10%	-4.10%	-6.19%	5.62%	-0.92%
Nasdaq Composite	6967.53	▼ -273.42	-3.78%	-3.78%	-5.99%	7.36%	0.93%
DJIA	24345.75	▼ -1175.21	-4.60%	-4.60%	-6.90%	5.79%	-1.51%

US Market ▼

The S&P 500 futures are trading in the red

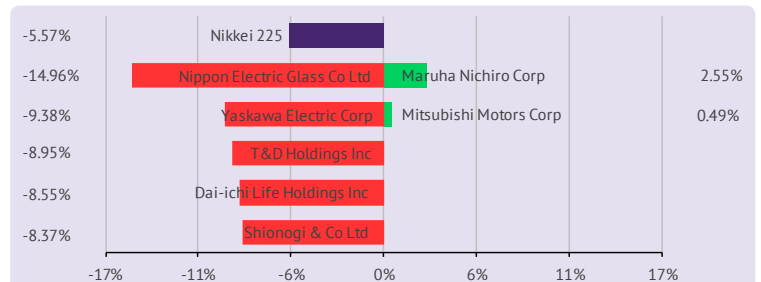
US markets closed lower yesterday, amid ongoing concerns over rising inflation and higher interest rates. Moreover, data indicated that US final Markit services PMI dropped in line with expectations in January. The S&P 500 Index dropped 4.1% to close at 2,648.94.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses from US equities. The Nikkei 225 Index is trading 5.6% lower at 21,418.94.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R12.1423, as demand for the safe haven asset increased following a turmoil in global equities. Later today, traders will keep a close watch on US trade balance figures for further direction.

The US Dollar rose against the South African Rand yesterday, as the US bond market selloff stalled after the 10-year bond yield reached a four-year peak. Adding to the positive sentiment, the US ISM non-manufacturing PMI jumped more-than-anticipated in January, reaching its highest level in over 12 years. Meanwhile, the US final Markit services PMI declined in January, meeting market expectations.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R16.9567. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after UK's Markit services PMI dropped more than market forecast in January, hitting a 16-month low.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.2% against the South African Rand to trade at R15.0239. Going forward, market participants will keep a tab Germany's factory orders for further indication.

The Euro weakened against the South African Rand yesterday, as ECB Chief, Mario Draghi warned of inflation headwinds. The European Central Bank (ECB) President, Mario Draghi, expressed confidence that the nascent economic recovery across the common currency region would push inflation towards the central bank's 2.0% goal. Moreover, Eurozone's Sentix investor confidence index unexpectedly fell in February. Further, the region's retail sales eased in line with market expectations on a monthly basis in December. In contrast, the nation's services PMI rose more than market forecast in January, marking its highest level since August 2007. Meanwhile, Germany's Markit services PMI unexpectedly rose in January, notching its fastest level in seven years.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R9.5448, after the Reserve Bank of Australia left its interest rates unchanged and cautioned on wages. Earlier in the session, Australia unexpectedly posted a trade deficit in December, amid an increase in imports. Further, retail sales dropped more-than-expected on a monthly basis in the same month.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.1423	▲	0.34%	0.34%	2.34%	-4.29%	-2.05%
GBPZAR	16.9567	▲	-0.82%	-0.82%	0.75%	0.50%	1.25%
EURZAR	15.0239	▲	-0.45%	-0.45%	1.98%	-0.98%	0.99%
AUDZAR	9.5448	▼	-0.24%	-0.24%	0.14%	-1.24%	-1.10%
EURUSD	1.2373	▲	-0.77%	-0.77%	-0.38%	3.41%	3.02%
GBPUUSD	1.3964	▲	-1.13%	-1.13%	-1.63%	5.02%	3.30%
Brent (\$/barrel)	66.9	▼	-1.40%	-1.40%	-1.84%	3.02%	1.12%
Gold (\$/oz)	1346.8	▲	-0.05%	-0.05%	-0.45%	2.27%	1.81%
Platinum (\$/oz)	997.5	▲	-0.39%	-0.39%	-0.88%	7.50%	6.56%
Copper (\$/MT)*	7128.8	▲	1.78%	1.78%	0.71%	-1.78%	-1.09%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 1.0% to trade at \$1,346.80/oz, as investors preferred to seek shelter in the safe haven commodity amid a plunge in global equity markets.

Yesterday, gold prices fell 0.1% to close at \$1,333.00/oz, as a stronger greenback reduced the demand for the dollar denominated commodity.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 1% to trade at \$66.93/bl, amid global market rout.

Yesterday, Brent crude oil dropped 1.4% to settle at \$67.62/bl, amid growing concerns over rise in US crude production and strength in the greenback.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$997.50/oz.

Yesterday, platinum prices declined 0.4% to close at \$995.50/oz.



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Major South Africa Corporate News

Capitec Bank Holdings Limited

The company addressed incorrect conclusions of the Viceroy report and stated that they are fundamentally flawed and misleading. Further, the company confirmed that its loan book reconciles and denied any misrepresentation of the loan book. Additionally, it confirmed that there is no overstatement of loan book and that no adjustment is required. Also, it rejected claims that it rolled unpaid loans and confirmed that it does not charge initiation fees when rescheduling loans.

Sibanye Gold Limited

In its FY17 operating update, the company reported solid results in the second half of the year. Further, the company stated that its gold production was 43,600kg, which was higher than the guidance provided in the 3Q17 operating result. Also, it stated that total capital expenditure for the year was ZAR3.40bn.

Major Global Economic News

Eurozone

In the Eurozone, the final services PMI unexpectedly advanced to 58.00 in January. Services PMI had registered a level of 56.60 in the previous month. The preliminary figures had indicated an advance to 57.60.

In February, the investor confidence index unexpectedly dropped to 31.90 in the Eurozone, compared to a reading of 32.90 in the previous month.

In the Eurozone, the seasonally adjusted retail sales eased more-than-expected by 1.1% on a monthly basis in December, compared to a revised advance of 2.0% in the prior month.

In Germany, the final services PMI registered an unexpected rise to 57.30 in January. In the prior month, services PMI had registered a reading of 55.80. The preliminary figures had indicated an advance to 57.00.

UK

In the UK, the services PMI fell more-than-anticipated to a level of 53.00 in January, compared to a level of 54.20 in the prior month.

In the UK, retail sales across all sectors advanced less-than-expected 0.6% on an annual basis, in January, compared to a similar rise in the previous month.

Asia

The Reserve Bank of Australia kept its interest rate unchanged at 1.5%, meeting the market expectations.

In December, Australia posted a seasonally adjusted trade deficit of AUD1358.00mn, following a revised trade surplus of AUD36.00mn in the prior month. Market expectation was for the nation to register a trade surplus of AUD200.00mn.

In Australia, the seasonally adjusted retail sales registered an unexpected drop of 0.5% on a monthly basis in December, compared to an advance of 1.2% in the previous month.

US

In the US, the final Markit services PMI dropped to 53.30 in January, meeting market expectations. The preliminary figures had also indicated a drop to 53.30. In the prior month, Markit services PMI had registered a reading of 53.70.

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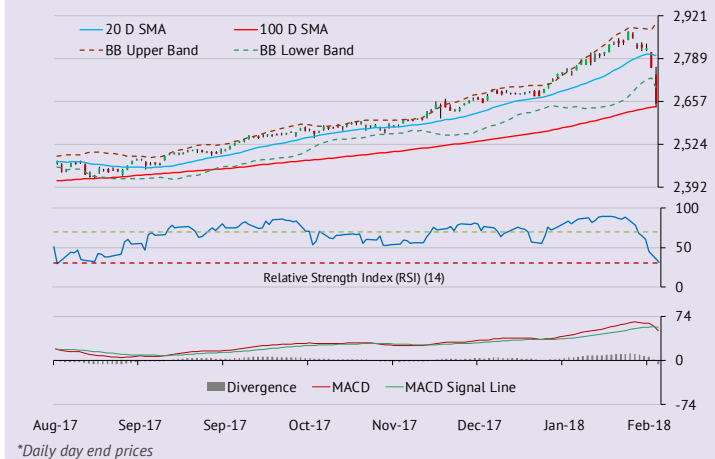
Technical Snapshot

JSE All Share



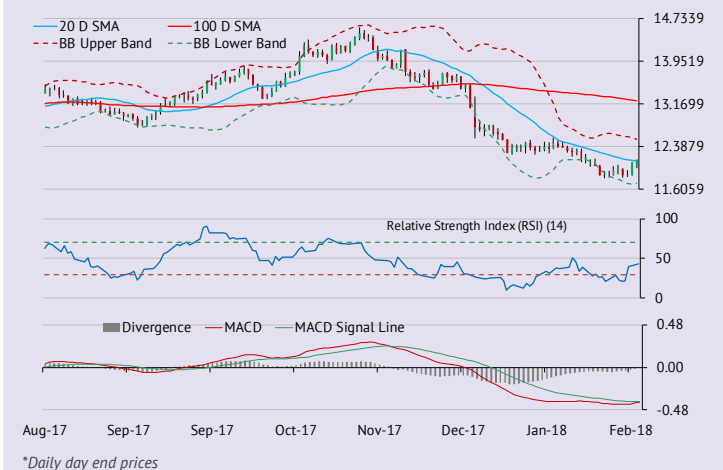
The JSE All Share index is expected to find support at 55,838.40, and a fall through could take it to the next support level of 54,563.06. The index is expected to find its first resistance at 59,597.99, and a rise through could take it to the next resistance level of 62,082.24.

S&P 500



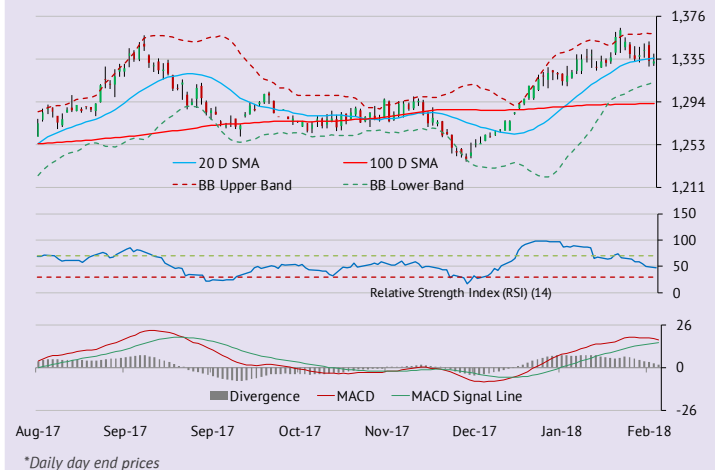
The S&P 500 index is expected to find support at 2,578.32, and a fall through could take it to the next support level of 2,507.70. The index is expected to find its first resistance at 2,779.41, and a rise through could take it to the next resistance level of 2,909.88.

USDZAR



The pair is expected to find support at 11.9161, and a fall through could take it to the next support level of 11.7032. The pair is expected to find its first resistance at 12.2435, and a rise through could take it to the next resistance level of 12.3580.

XAU/USD



Gold is expected to find support at \$1,323.10/oz, and a fall through could take it to the next support level of \$1,313.20/oz. The precious metal is expected to find its first resistance at \$1,347.50/oz, and a rise through could take it to the next resistance level of \$1,362.00/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	02:01	BRC Sales Like-For-Like (YoY) (Jan)	✓✓✓	0.60%*	0.60%	Monthly
Germany	09:00	Germany- Foreign Export Orders (Dec)	✓	-	129.40	Monthly
Germany	09:00	Germany- Domestic Orders (Dec)	✓	-	112.70	Monthly
Germany	09:00	Germany- Manufacturing Order-Total (Dec)	✓	-	121.90	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Dec)	✓✓✓	3.10%	8.70%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Dec)	✓✓	0.70%	-0.40%	Monthly
France	09:45	Budget Balance (Dec)	✓	-	-EUR84.70bn	Monthly
UK	11:00	New Car Registrations (YoY) (Jan)	✓	-	-14.40%	Monthly
Eurozone	11:00	ECB's Weidmann, BIS's Carstens Speak in Frankfurt	✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Jan)	✓	-	96.40	Monthly
Canada	15:30	International Merchandise Trade (Dec)	✓✓✓	-CAD2.32bn	-CAD2.54bn	Monthly
US	15:30	Trade Balance (Dec)	✓✓✓	-USD52.10bn	-USD50.50bn	Monthly
US	15:50	Fed's Bullard Speaks on U.S. Economy and Monetary Policy	✓	-	-	As scheduled
Canada	17:00	Ivey PMI s.a. (Jan)	✓✓✓	-	60.40	Monthly
Canada	17:00	Ivey PMI n.s.a. (Jan)	✓✓	-	49.30	Monthly
US	17:00	JOLTs Job Openings (Dec)	✓	5961.00K	5879.00K	Monthly
Portugal	20:00	Bank of Portugal's Costa Speaks at Banking Summit	✓	-	-	As scheduled
US	-	Mortgage Delinquencies (Q4)	✓	-	4.88%	Quarterly
US	-	MBA Mortgage Foreclosures (Q4)	✓	-	1.23%	Quarterly
US	-	IBD/TIPP Economic Optimism (MoM) (Feb)	✓	-	55.10	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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